

Town of Foxborough Other Postemployment Benefits Plan

GASB 74 & GASB 75 Actuarial Valuation

With a Valuation Date of July 1, 2022

As of the Measurement Date:
June 30, 2023

For the Reporting Date:
June 30, 2023

Delivered November 2, 2023



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November 2, 2023

Personal and Confidential

Ms. Marie Ann Almodovar
Finance Director/Town Accountant
Town of Foxborough
40 South Street
Foxborough, MA 02035

Dear Ms. Almodovar:

We have performed an actuarial valuation of the Town of Foxborough Other Postemployment Benefits Plan for the Reporting Date & Fiscal Year Ending June 30, 2023 with a Measurement Date of June 30, 2023 and a Valuation Date of July 1, 2022. The figures presented in this report reflect the adoption, by the Town of Foxborough, of Statement Nos. 74 and 75 of the Governmental Accounting Standards Board ("GASB 74/75").

The financial results of the actuarial valuation are summarized in the report. The Executive Summaries highlight the results of the valuation. Additional information summarizing census data, actuarial assumptions, claim rates and the methodology for developing them, as well as a glossary of selected terms used in this study, is also included in the report.

All costs, liabilities and other factors under the plan were determined in accordance with generally accepted actuarial principles and procedures. In our opinion, the actuarial assumptions used are reasonable, reflecting the experience of the plan and reasonable expectations and, in combination, represent our best estimate of the anticipated experience under the plan.

We will be pleased to answer any questions that you may have regarding this actuarial valuation report.

Very truly yours,

A handwritten signature in black ink, appearing to read 'P. Elmore', written over a light blue horizontal line.

Parker E. Elmore, ASA, EA, FCA, MAAA
President, CEO & Actuary



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ACTUARIAL CERTIFICATION

This is to certify that Odyssey Advisors has conducted an actuarial valuation of certain benefit obligations of the Town of Foxborough other postemployment benefit programs with a Valuation Date of July 1, 2022 with a Measurement Date of June 30, 2023 for the Reporting Date & Fiscal Year Ending June 30, 2023 in accordance with Government Account Standards Board Statement No. 74 & 75 and Actuarial Standards of Practice as issued by the American Academy of Actuaries. The actuarial calculations presented in this report have been made on a basis consistent with our understanding of GASB Statements Numbers 74 & 75 for the determination of the liability for postemployment benefits other than pensions.

The actuarial data is based on the plan benefits verified by the Town and on participant claims or premium data provided by the Town and/or vendors employed by the Town.

The actuarial computations made are for purposes of fulfilling plan accounting requirements. Determinations for purposes other than meeting financial accounting requirements may yield results significantly different than those reported here. As such, additional determinations may be needed for other purposes including determining the benefit security at termination and/or adequacy of the funding of an ongoing plan.

To the best of our knowledge, this report is complete and accurate and in our opinion represents the information necessary to comply with GASB Statements Number 74 and 75 with respect to the benefit obligations addressed. The signing actuaries are members of the Society of Actuaries, the American Academy of Actuaries and other professional actuarial organizations and meet their "General Qualification Standards for Statements of Actuarial Opinion" to render the actuarial opinion contained herein. Further, in our opinion, the assumptions as approved by the Town are reasonably related to the experience and expectations of the postemployment benefits programs.

A handwritten signature in black ink, appearing to read 'P. Elmore', written over a light blue horizontal line.

Parker E. Elmore, ASA, EA, FCA, MAAA
President, CEO & Actuary

EXECUTIVE SUMMARY

How did plan liabilities change from FY 22 to FY 23?

Plan Experience

For the year ending on the Measurement Date of June 30, 2023, the Plan saw an experience gain of \$2,157,588 or 4.83% of the beginning Total OPEB Liability ("TOL"). This was mainly due to the average Medicare Supplement premium increasing 1% instead of the expected 10% increase over the 2-year period as well as slightly higher than expected turnover.

Assumption Changes

Two key assumptions have changed since the prior valuation. The total impact of these assumption changes increased disclosed liabilities by approximately \$1.5 million, as detailed below.

- ✓ Due to the GASB 75 standards the discount rate has been changed from 5.91% to 6.04% decreasing the disclosed liability by approximately \$880 thousand.
- ✓ Based on ongoing actuarial research, we have modified our assumption for future increases in healthcare costs using the Getzen model to reflect higher costs in the near-term increasing the disclosed liability by approximately \$2.4 million.

It is important to remember that actuarial assumptions or changes in such do not impact the actual cost of the Plan. Rather, they impact the timing of the recognition of such costs.

Investment Experience

- ✓ During the period investments earned approximately \$450 thousand more than expected.

Changes in Benefit Terms

- ✓ As of July 1, 2023, the Town has updated the benefits for surviving spouses from 100% cost sharing for medical coverage to 50%. This increased liabilities by \$4 million, which is to be recognized in full immediately.

EXECUTIVE SUMMARY

Recognition Period

- ✓ Changes in assumptions & plan experience are amortized into the net OPEB expense over 6.63 years.
- ✓ Differences between projected & actual earnings on OPEB plan investments are amortized into the net OPEB expense over 5.00 years
- ✓ Changes in benefit terms are to be recognized in full immediately

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Key Drivers of Plan Liabilities

Several key drivers of plan costs and liabilities are:

- ✓ Premiums for Post 65 (Medicare supplement) plans – represent 73.85% of the total plan liabilities
- ✓ Age at which plan participants retire
- ✓ Percentage of plan participants who elect coverage for themselves and/or a spouse
- ✓ Medical care cost inflation rate – We currently assume medical costs increase according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans, which includes an assumed 9.00% increase in fiscal year 2023 and an ultimate trend rate of 3.63% in fiscal year 2060.
- ✓ Discount Rate (6.04%) – Higher discount rates yield lower liabilities and vice versa
- ✓ Cost Sharing – Under Massachusetts law you may charge retirees up to 50% of premiums for health insurance

EXECUTIVE SUMMARY

Discount Rate Determinants

- ✓ Employer Current and Future Benefit Payments
- ✓ Municipal Bond Rate – The S&P 20-year high grade municipal bond index was 4.13% as of June 30, 2023.
- ✓ Current Asset Level – The Town had \$16,120,737 of OPEB assets as of June 30, 2023.
- ✓ Future Funding Policy – The Town is expected to contribute \$1,064,069 annually beyond pay-as-you-go costs until their pension system is fully funded, at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB.
- ✓ Investment Policy – The Town is expected to earn 6.04% per year on assets based on its investment policy.

Low Default Risk Obligation Measure (LDROM)

For purposes of this LDROM, we have used a discount rate of 4.13% which represents the 20-year municipal bond index while keeping all other assumptions unchanged from the GASB 74/75 disclosures. Based on this, the LDROM Total OPEB Liability is \$66.1 million vs. the \$50.0 million under the GASB 74/75 measure - the reflection of the Town's funding and OPEB Trust Investment policy reduced disclosed liabilities by approximately \$16 million. Please note that the ultimate cost of the plan is the actual benefits paid plus expenses and any changes in assumptions, including discount rate, do not impact the actual cost of the plan.

EXECUTIVE SUMMARY

Medicare Buy-In

The Town currently has 7 retirees or covered spouses who are over the age of 65 and are enrolled in Active medical plans rather than Medicare Supplement (Senior) plans. Under Actuarial Standards of Practice for OPEB, we are required to reflect the projected higher healthcare costs that occur as retirees age.

Recently, some of our clients have seen substantial cost savings by “buying into” Medicare for retirees who would otherwise be ineligible. To buy into Medicare the Town would need to pay the Medicare Part A premium and the Medicare Part A and B penalties. While the cost to buy into Medicare is significant, it is likely still far less than the cost of the claims that the associated retirees are expected to incur. You may wish to review their Medicare eligibility to see if they are already eligible for Medicare or if a “buy-in” is appropriate as this could yield a reduction in your OPEB annual costs and disclosed liabilities. If you are in this situation, we encourage you to talk to your healthcare consultant to see if this might be viable.

EXECUTIVE SUMMARY

Key Plan Metrics

While an actuarial valuation under GASB 74/75 can be very complex with many variables, we find it helpful to look at several key metrics (shown below) to better allow you to manage your plan.

Representative Plan Statistics		
Valuation Date	July 1, 2022	July 1, 2020
Measurement Date & Period Ending	June 30, 2023	June 30, 2022
Reporting Date/Fiscal Year End	June 30, 2023	June 30, 2022
Total OPEB Liability	49,956,867	44,715,760
Per Eligible Active Plan Participant	41,127	37,428
Per Retiree/Spouse Plan Participant	54,808	54,771
Total Annual Service Cost (Annual Benefit Accrual)	1,351,018	1,146,808
Per Eligible Active Plan Participant	2,183	1,838
Expected Employer Share of Retiree Costs	1,772,915	1,727,314
Per Retiree/Spouse Plan Participant	3,966	4,429
Net OPEB Liability as a % of Covered Payroll	80.23%	76.13%

EXECUTIVE SUMMARY

Liabilities & Benefit Payments in Today's Dollars

With the growth of medical care costs over time, the nominal accrued liabilities ("TOL") and benefit payments can appear daunting. However, it is important to remember that a dollar paid in the future is worth less than a dollar paid today.

For the Period Ending on the Measurement Date of:	Number of Retirees, Spouses, & Surviving Spouses	Total OPEB Liability	Present Value at 3.00% of Total OPEB Liability	Employer Share of Premiums/Claims Including "Implicit Cost"	Present Value at 3.00% of Employer Share of Premiums / Claims Including "Implicit Cost"
June 30, 2023	447	49,956,867	49,956,867	1,772,915	1,772,915
June 30, 2028	510	62,297,220	53,738,129	2,544,437	2,194,854
June 30, 2033	539	75,785,106	56,391,236	3,226,795	2,401,039
June 30, 2038	549	90,276,123	57,944,808	4,256,215	2,731,902
June 30, 2043	541	106,032,601	58,707,680	5,205,769	2,882,308
June 30, 2048	533	124,819,972	59,614,714	6,141,011	2,932,981
June 30, 2053	533	147,675,948	60,840,535	6,923,669	2,852,460

EXECUTIVE SUMMARY

Continuing OPEB Disclosures

In addition to pension benefits, municipal entities may provide retired employees with healthcare and life insurance benefits. The portion of the cost of such benefit paid by these entities is generally provided on a pay-as-you-go basis.

The pay-as-you-go costs to the Town for such benefits for the most recent years is as follows:

<u>Fiscal Year Ending</u>		<u>Cost</u>
June 30, 2024	(Projected)	1,917,819
June 30, 2023		1,772,915
June 30, 2022		1,727,314
June 30, 2021		1,952,941
June 30, 2020		1,811,791
June 30, 2019		1,655,975

The Town performs actuarial valuations of its non-pension post-employment benefits liability in accordance with GASB reporting requirements. As of the June 30, 2023 Measurement Date the Net OPEB Liability ("NOL") was determined to be \$33,836,130 assuming a discount rate of 6.04%. The Town has established an OPEB Trust and plans to fund this liability. The Town is expected to contribute \$1,064,069 annually beyond pay-as-you-go costs until their pension system is fully funded, at which point the Town will reallocate the funds used to pay its pension amortization towards OPEB. The balance of this fund as of June 30, 2023 was \$16,120,737. See the Town's audit reports for additional information.

PRINCIPAL RESULTS OF THE VALUATION

Town of Foxborough
Assuming Funding - 6.04% discount rate
Comparison of Plan Liabilities to Prior Valuation

Valuation Date	July 1, 2022	July 1, 2020
For the Measurement Period ending on the Measurement Date of:	June 30, 2023	June 30, 2022
For the Reporting Period & Fiscal Year ending on:	June 30, 2023	June 30, 2022
I. Total OPEB Liability		
A. Actives	25,457,518	23,354,916
B. Retirees/Disabled	<u>24,499,349</u>	<u>21,360,844</u>
C. Total	49,956,867	44,715,760
II. Fiduciary Net Position [Plan Assets]	16,120,737	12,730,789
III. Net OPEB Liability (Asset) [I. - II.]	33,836,130	31,984,971
IV. Funded Ratio [II. / I.]	32.27%	28.47%
V. Number of Eligible Participants		
A. Actives	619	624
B. Retirees/Disabled & Dependents	<u>447</u>	<u>390</u>
C. Total	1,066	1,014
VI. Service Cost	1,351,018	1,146,808
VII. Financial Statement Expense/(Income)	7,243,949	3,450,345
VIII. Employer OPEB Trust (Contribution)/Withdrawal	(2,128,138)	(1,064,069)
IX. Deferred Inflow of Resources	(6,357,508)	(6,116,067)
X. Deferred Outflow of Resources	8,283,036	9,533,332
XI. Money Weighted Rate of Return	9.46%	(16.17%)
XII. 20-year Municipal Bond Rate (SAPIHG)	4.13%	4.09%
XIII. Expected Long Term Rate of Return (Net of Expense)	6.04%	5.91%
XIV. Crossover Year	N/A	N/A
XV. Discount Rate	6.04%	5.91%

PRINCIPAL RESULTS OF THE VALUATION

**Town of Foxborough
Plan Liabilities as of the June 30, 2023 Measurement Date**

	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Water Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	Total
I. Total OPEB Liability						
A. Actives	1,607,918	19,232,756	3,940,594	448,512	227,738	25,457,518
B. Retirees/Disabled	<u>2,917,417</u>	<u>16,462,327</u>	<u>4,586,383</u>	<u>532,764</u>	<u>458</u>	<u>24,499,349</u>
C. Total	4,525,335	35,695,083	8,526,977	981,276	228,196	49,956,867
II. Fiduciary Net Position [Plan Assets]	1,395,566	11,007,991	2,629,631	864,039	223,510	16,120,737
III. Net OPEB Liability (Asset) [I. - II.]	3,129,769	24,687,092	5,897,346	117,237	4,686	33,836,130
For the Reporting Date and Fiscal Year Ending June 30, 2023						
IV. Service Cost	150,776	899,052	267,179	20,974	13,037	1,351,018
V. Financial Statement Expense/(Income)	687,842	5,131,431	1,282,118	109,619	32,939	7,243,949
VI. Employer Share of Costs	(211,977)	(1,327,406)	(176,905)	(55,940)	(687)	(1,772,915)
VII. Employer OPEB Trust (Contribution)/Withdrawal	(182,905)	(1,442,722)	(344,643)	(126,312)	(31,556)	(2,128,138)
VIII. Total Employer Contribution [VI. + VII.]	(394,882)	(2,770,128)	(521,548)	(182,252)	(32,243)	(3,901,053)

PRINCIPAL RESULTS OF THE VALUATION
CURRENT FUNDING POLICY (OPEN GROUP)

Funding - 6.04% discount rate

For the Fiscal Year	Period Ending on the Measurement Date of:	I. Total OPEB Liability ("TOL") as of Measurement Date	II. Fiduciary Net Position as of Measurement Date with an expected 6.04% return		III. Net OPEB Liability (Asset) [I. - II.]	IV. Funded Ratio [III. / I.]	V. Service Cost	VI. Employer Share of Benefit Payments (With Implicit Cost)	VII. Trust Contributions Beyond Pay-as-you-go	VIII. Gross Trust Contributions [VI. + VII.]	IX. Benefit Payments Reimbursed from the Trust	X. Administrative & Investment Expenses Reimbursed from the Trust	XI. Total Employer Payments Less Reimbursements [VIII. - IX. - X.]
			Measurement Date	with an expected 6.04% return									
2023	June 30, 2023	49,956,867	16,120,737	33,836,130	32.27%	1,351,018	1,772,915	2,128,138	3,901,053	1,772,915	0	2,128,138	
2024	June 30, 2024	52,455,158	18,190,162	34,264,996	34.68%	1,372,863	1,917,819	1,064,069	2,981,888	1,917,819	0	1,064,069	
2025	June 30, 2025	54,849,147	20,384,581	34,464,566	37.16%	1,421,075	2,065,419	1,064,069	3,129,488	2,065,419	0	1,064,069	
2026	June 30, 2026	57,311,792	22,711,542	34,600,250	39.63%	1,466,142	2,177,912	1,064,069	3,241,981	2,177,912	0	1,064,069	
2027	June 30, 2027	59,798,120	25,179,052	34,619,068	42.11%	1,513,850	2,356,310	1,064,069	3,420,379	2,356,310	0	1,064,069	
2028	June 30, 2028	62,297,220	27,795,600	34,501,620	44.62%	1,558,351	2,544,437	1,064,069	3,608,506	2,544,437	0	1,064,069	
2029	June 30, 2029	64,876,262	30,570,187	34,306,075	47.12%	1,609,689	2,658,842	1,064,069	3,722,911	2,658,842	0	1,064,069	
2030	June 30, 2030	67,520,951	33,512,359	34,008,592	49.63%	1,662,144	2,791,889	1,064,069	3,855,958	2,791,889	0	1,064,069	
2031	June 30, 2031	70,193,946	36,632,238	33,561,708	52.19%	1,726,373	3,001,494	1,064,069	4,065,563	3,001,494	0	1,064,069	
2032	June 30, 2032	72,961,092	48,107,606	24,853,486	65.94%	1,783,070	3,119,452	8,995,111	12,114,563	3,119,452	0	8,995,111	
2033	June 30, 2033	75,785,106	60,276,086	15,509,020	79.54%	1,840,149	3,226,795	8,995,111	12,221,906	3,226,795	0	8,995,111	
2034	June 30, 2034	78,626,042	73,179,542	5,446,500	93.07%	1,899,525	3,479,474	8,995,111	12,474,585	3,479,474	0	8,995,111	
2035	June 30, 2035	81,567,644	86,862,367	(5,294,723)	106.49%	1,967,384	3,600,883	8,995,111	12,595,994	3,600,883	0	8,995,111	
2036	June 30, 2036	84,409,409	90,297,086	(5,887,677)	106.98%	2,034,665	3,794,078	(1,759,413)	2,034,665	3,794,078	0	(1,759,413)	
2037	June 30, 2037	87,319,695	93,727,735	(6,408,040)	107.34%	2,097,694	4,062,521	(1,964,827)	2,097,694	4,062,521	0	(1,964,827)	
2038	June 30, 2038	90,276,123	97,241,201	(6,965,078)	107.72%	2,170,588	4,256,215	(2,085,627)	2,170,588	4,256,215	0	(2,085,627)	
2039	June 30, 2039	93,366,640	100,879,908	(7,513,268)	108.05%	2,246,360	4,416,446	(2,170,086)	2,246,360	4,416,446	0	(2,170,086)	
2040	June 30, 2040	96,342,061	104,544,533	(8,202,472)	108.51%	2,321,764	4,680,108	(2,358,344)	2,321,764	4,680,108	0	(2,358,344)	
2041	June 30, 2041	99,540,888	108,368,128	(8,827,240)	108.87%	2,399,442	4,818,357	(2,418,915)	2,399,442	4,818,357	0	(2,418,915)	
2042	June 30, 2042	102,711,611	112,343,976	(9,632,365)	109.38%	2,484,945	4,980,278	(2,495,333)	2,484,945	4,980,278	0	(2,495,333)	
2043	June 30, 2043	106,032,601	116,412,542	(10,379,941)	109.79%	2,567,273	5,205,769	(2,638,496)	2,567,273	5,205,769	0	(2,638,496)	
2044	June 30, 2044	109,657,470	120,711,676	(11,054,206)	110.08%	2,654,047	5,307,278	(2,653,231)	2,654,047	5,307,278	0	(2,653,231)	
2045	June 30, 2045	113,330,978	125,209,616	(11,878,638)	110.48%	2,750,774	5,463,108	(2,712,334)	2,750,774	5,463,108	0	(2,712,334)	
2046	June 30, 2046	117,098,167	129,797,255	(12,699,088)	110.84%	2,844,656	5,733,708	(2,889,052)	2,844,656	5,733,708	0	(2,889,052)	
2047	June 30, 2047	120,895,424	134,517,273	(13,621,849)	111.27%	2,946,703	5,976,287	(3,029,584)	2,946,703	5,976,287	0	(3,029,584)	
2048	June 30, 2048	124,819,972	139,460,326	(14,640,354)	111.73%	3,051,166	6,141,011	(3,089,845)	3,051,166	6,141,011	0	(3,089,845)	
2049	June 30, 2049	128,889,746	144,642,996	(15,753,250)	112.22%	3,161,231	6,308,316	(3,147,085)	3,161,231	6,308,316	0	(3,147,085)	
2050	June 30, 2050	133,232,671	150,028,529	(16,795,858)	112.61%	3,276,706	6,530,778	(3,254,072)	3,276,706	6,530,778	0	(3,254,072)	
2051	June 30, 2051	137,824,869	155,786,519	(17,961,650)	113.03%	3,399,724	6,607,988	(3,208,264)	3,399,724	6,607,988	0	(3,208,264)	
2052	June 30, 2052	142,703,906	161,950,055	(19,246,149)	113.49%	3,523,731	6,675,901	(3,152,170)	3,523,731	6,675,901	0	(3,152,170)	
2053	June 30, 2053	147,675,948	168,365,849	(20,689,901)	114.01%	3,654,948	6,923,669	(3,268,721)	3,654,948	6,923,669	0	(3,268,721)	

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

The GASB Standards for accounting and financial reporting for postemployment benefits other than pensions require the following disclosures in the financial statements:

1. OPEB Expense Development

Components of the Town's OPEB Expenses for the Fiscal Year Ending June 30, 2023	
Description	Amount
I. Service Cost	1,351,018
II. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	2,670,909
III. Deferred (Inflows)/Outflows from Plan Experience*	(1,916,147)
IV. Deferred (Inflows)/Outflows from Changes of Assumptions*	2,129,182
V. Projected Earnings on OPEB Plan Investments	(814,270)
VI. Deferred (Inflows)/Outflows from Earnings on Plan Investments**	212,618
VII. OPEB Plan Administrative Expense	0
VIII. Other Changes in Fiduciary Net Position	0
IX. Financial Statement Expense/(Income) Prior to Plan Design Changes [I. + II.+ ... + VII. + VIII.]	3,633,310
X. Expense Related to Change in Benefit Terms***	3,610,639
XI. Financial Statement Expense/(Income) [IX. + X.]	7,243,949

* Amortized over 6.63 years

** Amortized over 5.00 years

*** Recognized Immediately

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

2. Changes in Net OPEB Liability

Changes in Net OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
I. Balances for the June 30, 2022 Reporting Date	44,715,760	12,730,789	31,984,971
II. Prior Period Adjustment	0	0	0
III. Balances for the June 30, 2022 Reporting Date with Adjustment [I. + II.]	44,715,760	12,730,789	31,984,971
Changes for the year:			
IV. Service Cost	1,351,018	0	1,351,018
V. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,670,909	0	2,670,909
VI. Changes in Benefit Terms *	3,610,639	0	3,610,639
VII. Change in Assumptions **	1,539,044	0	1,539,044
VIII. Differences Between Actual and Expected Experience **	(2,157,588)	0	(2,157,588)
IX. Net Investment Income	0	1,261,810	(1,261,810)
X. Employer Contributions to Trust	0	3,901,053	(3,901,053)
XI. Benefit Payments Withdrawn from Trust	0	(1,772,915)	1,772,915
XII. Benefit Payments Excluding Implicit Cost	(10,879)	0	(10,879)
XIII. Implicit Cost Amount	(1,762,036)	0	(1,762,036)
XIV. Total Benefit Payments Including Implicit Cost [XII. + XIII.]	(1,772,915)	0	(1,772,915)
XV. Administrative Expense	0	0	0
XVI. Other Charges	0	0	0
XVII. Net Changes [IV.+V.+VI.+VII.+VIII.+IX.+X.+XI.+XIV.+XV.+XVI.]	5,241,107	3,389,948	1,851,159
XVIII. Balances for the June 30, 2023 Reporting Date [III.+XVII.]	49,956,867	16,120,737	33,836,130

* Recognized Immediately

** Amortized over 6.63 years

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Differences Between Expected & Actual Experience									
Fiscal Year	Differences			2023	2024	2025	2026	2027	2028
	Between Actual & Expected Experience	Recognition Period (Years)	Remaining Balance						
2017									
2018	0	5.94	0	0					
2019	(3,227,930)	6.18	(616,340)	(522,318)	(522,318)	(94,022)			
2020	(5,620)	6.18	(1,984)	(909)	(909)	(909)	(166)		
2021	(7,109,500)	6.66	(3,907,024)	(1,067,492)	(1,067,492)	(1,067,492)	(1,067,492)	(704,548)	
2022	0	6.66	0	0	0	0	0	0	0
2023	(2,157,588)	6.63	(1,832,160)	(325,428)	(325,428)	(325,428)	(325,428)	(325,428)	(325,428)
2024									
2025									
2026									
Total Remaining Balance			(6,357,508)						
Net increase (decrease) in OPEB Expense				(1,916,147)	(1,916,147)	(1,487,851)	(1,393,086)	(1,029,976)	(325,428)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of the Effects of Changes in Assumptions									
Fiscal Year	Differences from Changes in			2023	2024	2025	2026	2027	2028
	Actuarial Assumptions	Recognition Period (years)	Remaining Balance						
2017									
2018	0	5.94	0	0					
2019	2,957,370	6.18	564,680	478,538	478,538	86,142			
2020	0	6.18	0	0	0	0	0		
2021	6,415,169	6.66	3,525,455	963,238	963,238	963,238	963,238	635,741	
2022	3,032,124	6.66	2,121,578	455,273	455,273	455,273	455,273	455,273	300,486
2023	1,539,044	6.63	1,306,911	232,133	232,133	232,133	232,133	232,133	232,133
2024									
2025									
2026									
Total Remaining Balance			7,518,624						
Net increase (decrease) in OPEB Expense				2,129,182	2,129,182	1,736,786	1,650,644	1,323,147	532,619

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
 (As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Deferred (Inflows)/Outflows in OPEB Expense Arising from the Recognition of Differences Between Projected & Actual Earnings on OPEB Plan Investments									
Fiscal Year	Differences			2023	2024	2025	2026	2027	2028
	Between Actual & Expected Earnings	Recognition Period (years)	Remaining Balance						
2017									
2018	199,267	5.00	0						
2019	103,126	5.00	0	20,626					
2020	440,587	5.00	88,119	88,117	88,119				
2021	(2,270,871)	5.00	(908,349)	(454,174)	(454,174)	(454,175)			
2022	3,237,788	5.00	1,942,674	647,557	647,557	647,557	647,560		
2023	(447,540)	5.00	(358,032)	(89,508)	(89,508)	(89,508)	(89,508)	(89,508)	
2024									
2025									
2026									
Total Remaining Balance			764,412						
Net increase (decrease) in OPEB Expense				212,618	191,994	103,874	558,052	(89,508)	0

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Statement of (Inflows) & Outflows Arising from Current & Prior Reporting Periods for the Measurement Period Ending on June 30, 2023 to be Reported for the Fiscal Year Ending June 30, 2023			
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
I. Contributions Made Subsequent to the Measurement Date	0	0	0
II. Differences Between Actual & Expected Experience	0	(6,357,508)	(6,357,508)
III. Changes of Assumptions	7,518,624	0	7,518,624
IV. Net Difference Between Projected & Actual Earnings on OPEB Plan Investments	764,412	0	764,412
VI. Total [I. + II. + III. + IV.]	8,283,036	(6,357,508)	1,925,528

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
 (As of the June 30, 2023 Measurement Date)

3. Changes in Net OPEB Expense (Continued)

Annual Amortization of Deferred (Inflows) & Outflows		
The balance of deferred (inflows) & outflows as of the Reporting Date of June 30, 2023 will be recognized in future years as shown below.		
	Year ending June 30:	
	2024	405,029
	2025	352,809
	2026	815,610
	2027	203,663
	2028	207,191
	Thereafter	(58,774)

4. Discount Rate

The discount rate used to measure the Total OPEB liability was 6.04% as of June 30, 2023 and 5.91% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Town’s funding policy. Based on these assumptions, the OPEB Plan’s Fiduciary Net Position is projected to be sufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB Plan assets was applied to all projected future benefits payments.

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

5. Funding Policy

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. For the period ending on the June 30, 2023 Measurement Date, total Town premiums plus implicit costs for the retiree medical program were \$1,772,915. The Town also contributed \$2,128,138 to an OPEB Trust for a total contribution during the measurement period of \$3,901,053 to be reported on the financial statement for the fiscal year ending June 30, 2023.

6. Investment Policy

The chart below shows how the long-term rate of return on assets is developed based on the Town's Investment Policy.

Investment Target Allocation & Expected Long-Term Real Rate of Return			
Asset Class	Target Allocation	Asset Class	Long-Term Expected Real Rate of Return*
Domestic Equity - Large Cap	28.50%	Domestic Equity - Large Cap	4.10%
Domestic Equity - Small/Mid Cap	15.75%	Domestic Equity - Small/Mid Cap	4.55%
International Equity - Developed Market	12.00%	International Equity - Developed Market	4.64%
International Equity - Emerging Market	7.75%	International Equity - Emerging Market	5.45%
Domestic Fixed Income	20.00%	Domestic Fixed Income	1.05%
International Fixed Income	4.25%	International Fixed Income	0.96%
Alternatives	8.75%	Alternatives	5.95%
Real Estate	2.50%	Real Estate	6.25%
Cash	0.50%	Cash	0.00%
Total	<u>100.00%</u>		
		I. Real Rate of Return	<u>3.79%</u>
		II. Inflation Assumption	2.50%
		III. Total Nominal Return [I. + II.]	6.29%
		IV. Investment Expense	0.25%
		V. Net Investment Return* [III.-IV.]	<u>6.04%</u>

* Mean Geometric Returns based on 2022 Horizon Survey of Capital Market Assumptions

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES

(As of the June 30, 2023 Measurement Date)

7. Schedule of The Town's Contributions

For the Fiscal Year Ending	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
June 30, 2023	3,017,318	(3,901,053)	(883,735)	42,175,023	9.25%
June 30, 2022	2,698,181	(2,791,383)	(93,202)	42,011,311	6.64%
June 30, 2021	2,335,839	(1,952,941)	382,898	40,787,681	4.79%
June 30, 2020	3,045,557	(2,775,860)	269,697	41,262,727	6.73%
June 30, 2019	2,970,708	(2,720,044)	250,664	40,060,900	6.79%
June 30, 2018	2,928,465	(2,346,185)	582,280	41,776,289	5.62%
June 30, 2017	3,032,780	(2,346,185)	686,595	40,559,503	5.78%

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
 (As of the June 30, 2023 Measurement Date)

8. Effect of 1% Change in Healthcare Trend

<u>Impact of a 1% Change in the Healthcare Trend Rate on NOL as of the June 30, 2023 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	27,104,010	33,836,130	42,307,080

9. Effect of 1% Change in Discount Rates

<u>Impact of a 1% Change in the Discount Rate on NOL as of the June 30, 2023 Measurement Date</u>			
	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	41,379,137	6.04%	27,773,325

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

10. Money Weighted Rate of Return

	Plan	Periods	Period
	Investments /	Invested	Weight
	Net External		
	Cash Flows		
I. Beginning value - June 30, 2022	12,730,789	12	1.0000
Monthly net external cash flows:			
July	0	11	0.9167
August	0	10	0.8333
September	266,017	9	0.7500
October	0	8	0.6667
November	0	7	0.5833
December	266,017	6	0.5000
January	0	5	0.4167
February	532,035	4	0.3333
March	266,017	3	0.2500
April	0	2	0.1667
May	532,035	1	0.0833
<u>June</u>	<u>266,017</u>	0	0.0000
II. Total net external cash flow	2,128,138		
III. Earnings and increase in fair value	1,261,810		
IV. Ending value - June 30, 2023 [I.+II.+III.]	16,120,737		
V. Receivable Contributions	0		
Plan Asset Value - June 30, 2023 [IV.+V.]	16,120,737		
Money Weighted Rate of Return	9.46%		

EXHIBIT A
FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

11. OPEB Liability, OPEB Expense

	Fiscal Year Ending June 30, 2023					Total
	Town Employees and Retirees	School Employees and Retirees	Police Employees and Retirees	Water Enterprise Employees and Retirees	Sewer Enterprise Employees and Retirees	
I. Total OPEB Liability as of June 30, 2023	4,525,335	35,695,083	8,526,977	981,276	228,196	49,956,867
II. Fiduciary Net Position as of June 30, 2023	1,395,566	11,007,991	2,629,631	864,039	223,510	16,120,737
III. Net OPEB Liability (Asset) as of June 30, 2023 [I. - II.]	3,129,769	24,687,092	5,897,346	117,237	4,686	33,836,130
IV. Service Cost	150,776	899,052	267,179	20,974	13,037	1,351,018
V. Interest on Total OPEB Liability (Asset), Service Cost, and Benefit Payments	242,018	1,905,184	459,056	52,130	12,521	2,670,909
VI. Projected Earnings on OPEB Plan Investments	(70,579)	(556,809)	(133,058)	(42,768)	(11,056)	(814,270)
VII. Net Recognition of Deferred (Inflows)/Outflows	38,558	304,137	72,653	8,361	1,944	425,653
VIII. OPEB Plan Administrative Expense	0	0	0	0	0	0
IX. Expense Related to Change in Benefit Terms	327,069	2,579,867	616,288	70,922	16,493	3,610,639
X. Financial Statement Expense/(Income) [IV. + V. + ... + VIII. + IX.]	687,842	5,131,431	1,282,118	109,619	32,939	7,243,949
XI. Employer Share of Costs	(211,977)	(1,327,406)	(176,905)	(55,940)	(687)	(1,772,915)
XII. Employer (Payments) Withdrawals to/from OPEB Trust	(182,905)	(1,442,722)	(344,643)	(126,312)	(31,556)	(2,128,138)
XIII. Total Employer Contribution [XI. + XII.]	(394,882)	(2,770,128)	(521,548)	(182,252)	(32,243)	(3,901,053)
XIV. Net OPEB Expense/(Income) [X. + XIII.]	292,960	2,361,303	760,570	(72,633)	696	3,342,896

EXHIBIT A

FINANCIAL STATEMENT DISCLOSURES
(As of the June 30, 2023 Measurement Date)

12. OPEB Liability, OPEB Expense and Deferred Inflow/Outflow

Valuation Date	July 1, 2022
For the Measurement Period ending on the Measurement Date of:	June 30, 2023
For the Reporting Period & Fiscal Year ending on:	June 30, 2023

Source of Deferred Inflow/Outflow	
I. Deferred (Inflow)/Outflow from Actual vs. Expected Experience	(6,357,508)
II. Deferred (Inflow)/Outflow from Investment Experience	764,412
III. Deferred (Inflow)/Outflow from Changes in Assumptions	7,518,624

Change in Deferred Inflow/Outflow	
I. Deferred Outflow at the beginning of the period	10,895,855
II. Deferred Outflow created during the period	1,539,044
III. Deferred Outflow recognized during the period	2,885,482
IV. Change in Deferred Outflow (II. - III.)	(1,346,438)
V. Deferred Outflow at end of the period (I. + IV.)	9,549,417
VI. Deferred Inflow at the beginning of the period	(7,478,590)
VII. Deferred Inflow created during the period	(2,605,128)
VIII. Deferred Inflow recognized during the period	(2,459,829)
IX. Change in Deferred Inflow (VII. - VIII.)	(145,299)
X. Deferred inflow at end of the period (VI. + IX.)	(7,623,889)

Net OPEB Liability	
I. Net OPEB Liability at beginning of period	31,984,971
II. Service Cost	1,351,018
III. Interest on Total OPEB Liability, Service Cost, and Payments	2,670,909
IV. Projected Investment Income	(814,270)
V. OPEB Plan Administrative Expense	0
VI. Total Employer Contributions	(3,901,053)
VII. Expense Related to Change in Benefit Terms	3,610,639
VIII. Net OPEB Expense/(Income) - Before Recognition of Deferred (Inflow)/Outflow (II. + III. + ... + VI. + VII.)	2,917,243
IX. Deferred Outflow created during the period	1,539,044
X. Deferred Inflow created during the period	(2,605,128)
XI. Net OPEB Liability at end of period (I. + VIII. + IX. + X.)	33,836,130

Net OPEB Expense	
I. Service Cost	1,351,018
II. Interest on Total OPEB Liability, Service Cost, and Payments	2,670,909
III. Projected Investment Income	(814,270)
IV. Recognition of Deferred (Inflow)/Outflow	425,653
V. OPEB Plan Administrative Expense	0
VI. Expense Related to Change in Benefit Terms	3,610,639
VII. Financial Statement Expense/(Income) (I. + II. + III. + IV. + V. + VI.)	7,243,949
VIII. Benefit Payments	(1,772,915)
IX. Contributions to Trust	(2,128,138)
X. Total Employer Payments (VIII. + IX.)	(3,901,053)
XI. Total Net OPEB Expense/(Income) under GASB 75 (IX. + X.)	3,342,896

EXHIBIT A
REQUIRED SUPPLEMENTARY INFORMATION
(As of the June 30, 2023 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios					
Valuation Date	July 1, 2022	July 1, 2020	July 1, 2020	July 1, 2018	July 1, 2018
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
For the Reporting Period & Fiscal Year Ending on:	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB Liability	49,956,867	44,715,760	39,666,529	38,607,015	36,873,505
I. Service Cost	1,351,018	1,146,808	1,001,394	964,594	927,039
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,670,909	2,597,613	2,705,392	2,586,327	2,485,069
III. Changes in Benefit Terms	3,610,639	0	0	0	0
IV. Difference Between Expected & Actual Plan Experience	(2,157,588)	0	(7,109,500)	(5,620)	(3,227,930)
V. Changes of Assumptions	1,539,044	3,032,124	6,415,169	0	2,957,370
VI. Benefit Payments Excluding Implicit Cost	(10,879)	(1,191,532)	(1,144,016)	(1,241,797)	(1,131,895)
VII. Implicit Cost Amount	(1,762,036)	(535,782)	(808,925)	(569,994)	(524,080)
VIII. Total Benefit Payments	(1,772,915)	(1,727,314)	(1,952,941)	(1,811,791)	(1,655,975)
IX. Other	0	0	0	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	5,241,107	5,049,231	1,059,514	1,733,510	1,485,573
XI. Total OPEB Liability - Beginning of Period	44,715,760	39,666,529	38,607,015	36,873,505	35,387,932
XII. Prior Period Adjustment	0	0	0	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	44,715,760	39,666,529	38,607,015	36,873,505	35,387,932
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	49,956,867	44,715,760	39,666,529	38,607,015	36,873,505
Plan Fiduciary Net Position	16,120,737	12,730,789	13,962,123	10,976,671	9,738,334
XV. Earnings from Plan Investments	1,261,810	(2,295,403)	2,985,452	274,268	505,313
XVI. Employer Contribution to Trust	3,901,053	2,791,383	1,952,941	2,775,860	2,720,044
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(1,772,915)	(1,727,314)	(1,952,941)	(1,811,791)	(1,655,975)
XVIII. Administrative Expense	0	0	0	0	0
XIX. Other	0	0	0	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	3,389,948	(1,231,334)	2,985,452	1,238,337	1,569,382
XXI. Plan Fiduciary Net Position - Beginning of Period	12,730,789	13,962,123	10,976,671	9,738,334	8,168,952
XXII. Prior Period Adjustment	0	0	0	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	12,730,789	13,962,123	10,976,671	9,738,334	8,168,952
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	16,120,737	12,730,789	13,962,123	10,976,671	9,738,334
XXV. Net OPEB Liability [XIV.-XXIV.]	33,836,130	31,984,971	25,704,406	27,630,344	27,135,171
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	32.27%	28.47%	35.20%	28.43%	26.41%
XXVII. Covered Employee Payroll	42,175,023	42,011,311	40,787,681	41,262,727	40,060,900
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	80.23%	76.13%	63.02%	66.96%	67.73%
Single Discount Rate to Calculate Plan Liabilities	6.04%	5.91%	6.50%	7.00%	7.00%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION
(As of the June 30, 2023 Measurement Date)

Schedule of Changes in the Town's Net OPEB Liability and Related Ratios		
Valuation Date	July 1, 2016	July 1, 2016
Measurement Date	June 30, 2018	June 30, 2017
For the Reporting Period & Fiscal Year Ending on:	June 30, 2018	June 30, 2017
Total OPEB Liability	35,387,932	33,483,529
I. Service Cost	925,445	925,445
II. Interest on Total OPEB Liability, Service Cost, and Benefit Payments	2,361,074	2,236,485
III. Changes in Benefit Terms	0	0
IV. Difference Between Expected & Actual Plan Experience	0	0
V. Changes of Assumptions	0	0
VI. Benefit Payments Excluding Implicit Cost	(1,207,989)	(1,207,989)
VII. Implicit Cost Amount	(174,127)	(174,127)
VIII. Total Benefit Payments	(1,382,116)	(1,382,116)
IX. Other	0	0
X. Net Change in OPEB Liability [I.+II.+III.+IV.+V.+VIII.+IX.]	1,904,403	1,779,814
XI. Total OPEB Liability - Beginning of Period	33,483,529	31,703,715
XII. Prior Period Adjustment	0	0
XIII. Total OPEB Liability - Beginning of Period with Adjustment [XI.+XII.]	33,483,529	31,703,715
XIV. Total OPEB Liability - End of Period [XII.+XIII.]	35,387,932	33,483,529
Plan Fiduciary Net Position	8,168,952	6,888,077
XV. Earnings from Plan Investments	316,806	420,991
XVI. Employer Contribution to Trust	2,346,185	2,346,185
XVII. Benefit Payments from Trust, Including Refunds of Member Contributions	(1,382,116)	(1,382,116)
XVIII. Administrative Expense	0	0
XIX. Other	0	0
XX. Net Change in Plan Fiduciary Net Position [XV.+XVI.+XVII.+XVIII.+XIX.]	1,280,875	1,385,060
XXI. Plan Fiduciary Net Position - Beginning of Period	6,888,077	5,503,017
XXII. Prior Period Adjustment	0	0
XXIII. Plan Fiduciary Net Position - Beginning of Period with Adjustment [XXI.+XXII.]	6,888,077	5,503,017
XXIV. Plan Fiduciary Net Position - End of Period [XXII.+XXIII.]	8,168,952	6,888,077
XXV. Net OPEB Liability [XIV.-XXIV.]	27,218,980	26,595,452
XXVI. Plan Fiduciary Net Position as % of Total OPEB Liability [XXIV./XIV.]	23.08%	20.57%
XXVII. Covered Employee Payroll	41,776,289	40,559,503
XXVIII. Plan NOL as % of Covered Employee Payroll [XXV./XXVII.]	65.15%	65.57%
Single Discount Rate to Calculate Plan Liabilities	7.00%	7.00%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

The Town's Actuarially Determined Contribution (ADC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 74/75 which is composed of the service cost and an amortization of the unfunded liability. For FY 2023 and future years we have used a 30-year amortization increasing by 3.00% per year of the Town's unfunded liability for the purpose of calculating ADC. The following table shows the components of the Town's annual ADC and the amount actually contributed to the plan:

Actuarially Determined Contribution - Deficiency / (Excess)					
For the Fiscal Year Ending:	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
I. Service Cost	1,351,018	1,146,808	1,001,394	964,594	927,039
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>1,666,300</u>	<u>1,551,373</u>	<u>1,334,445</u>	<u>2,080,963</u>	<u>2,043,669</u>
III. Actuarial Determined Contribution [I. + II.]	3,017,318	2,698,181	2,335,839	3,045,557	2,970,708
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(3,901,053)</u>	<u>(2,791,383)</u>	<u>(1,952,941)</u>	<u>(2,775,860)</u>	<u>(2,720,044)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>(883,735)</u>	<u>(93,202)</u>	382,898	269,697	250,664
Covered Employee Payroll	42,175,023	42,011,311	40,787,681	41,262,727	40,060,900
Contributions as a % of Covered Employee Payroll	9.25%	6.64%	4.79%	6.73%	6.79%
Discount Rate	6.04%	5.91%	6.50%	7.00%	7.00%
Money Weighted Rate of Return	9.46%	<u>(16.17%)</u>	27.20%	2.69%	5.84%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Actuarially Determined Contribution - Deficiency / (Excess) (Continued)		
<u>For the Fiscal Year Ending:</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
I. Service Cost	925,445	925,445
II. 30 Year Amortization of NOL Increasing by 3.00% per year	<u>2,003,020</u>	<u>2,107,335</u>
III. Actuarial Determined Contribution [I. + II.]	2,928,465	3,032,780
IV. Contributions in Relation to the Actuarially Determined Contribution	<u>(2,346,185)</u>	<u>(2,346,185)</u>
V. Contribution Deficiency / (Excess) [III. + IV.]	<u>582,280</u>	<u>686,595</u>
Covered Employee Payroll	41,776,289	40,559,503
Contributions as a % of Covered Employee Payroll	5.62%	5.78%
Discount Rate	7.00%	7.00%
Money Weighted Rate of Return	4.30%	7.01%

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Actuarially Determined Contribution – by Function:

	Fiscal Year Ending June 30, 2023					Total
	Town	School	Police	Water	Sewer	
	Employees and Retirees	Employees and Retirees	Employees and Retirees	Enterprise Employees and Retirees	Enterprise Employees and Retirees	
I. Service Cost	150,776	899,052	267,179	20,974	13,037	1,351,018
II. 30 Year Amortization of NOL Increasing by 3.00% per year	154,129	1,215,745	290,422	5,773	231	1,666,300
III. Actuarial Determined Contribution [I. + II.]	304,905	2,114,797	557,601	26,747	13,268	3,017,318
IV. Employer Share of Costs (Including Implicit Cost)	(211,977)	(1,327,406)	(176,905)	(55,940)	(687)	(1,772,915)
V. Employer OPEB Trust (Contribution)/Withdrawal	(182,905)	(1,442,722)	(344,643)	(126,312)	(31,556)	(2,128,138)
VI. Total Employer Contribution [IV. + V.]	(394,882)	(2,770,128)	(521,548)	(182,252)	(32,243)	(3,901,053)
VII. Contribution Deficiency / (Excess) [III. + VI.]	(89,977)	(655,331)	36,053	(155,505)	(18,975)	(883,735)

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Notes to Required Supplementary Information:

Valuation Date:	Actuarially Determined Contribution was calculated as of July 1, 2022.
Actuarial Cost Method:	Individual Entry Age Normal
Asset-Valuation Method:	Market Value of Assets as of the Measurement Date, June 30, 2023.

Actuarial Assumptions:

Investment Rate of Return:	6.04%, net of OPEB plan investment expense, including inflation.
Municipal Bond Rate	4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)
Single Equivalent Discount Rate:	6.04%, net of OPEB plan investment expense, including inflation
Inflation:	2.50% as of June 30, 2023 and for future periods
Salary Increases:	3.00% annually as of June 30, 2023 and for future periods
Cost of Living Adjustment:	Not Applicable

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Pre-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females
Post-Retirement Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females
Disabled Mortality:	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

EXHIBIT BREQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Plan Membership

At July 1, 2022, OPEB plan membership consisted of the following:

Retirees & Beneficiaries:	447
Actives:	<u>619</u>
Total:	1,066

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Changes in Assumptions: From June 30, 2022 to June 30, 2023

- ✓ Due to the GASB 75 standards the discount rate has been changed from 5.91% to 6.04%.
- ✓ Based on ongoing actuarial research, we have modified our assumption for future increases in healthcare costs using the Getzen model to reflect higher costs in the near-term.

Contributions/Withdrawals:

The contribution requirements of plan members and the Town are established and may be amended through Town ordinances. The Town contributed \$2,128,138 beyond the pay-as-you-go cost for the period ending on the June 30, 2023 Measurement Date. For the year ending on the June 30, 2023 Measurement Date total Town premiums plus implicit costs for the retiree medical program were \$1,772,915. \$1,762,036 of the \$1,772,915 represents implicit cost.

EXHIBIT B

REQUIRED SUPPLEMENTARY INFORMATION

(As of the June 30, 2023 Measurement Date)

Census Data Manipulation:

In the absence of data, the following was assumed:

Spouse Sex:	Male participants had female spouses and vice versa.
Spouse Age:	Male spouses were three years older than female spouses and same sex spouses were the same age.
Hire Age:	Participants who were not on the previous valuation were hired halfway between last valuation and the current valuation. If we did not have census data related to the last valuation, the participants were assumed to have been hired at age forty.
Retiree Age:	Retirees had the same birth date as they had the prior valuation. If we did not have census data related to the last valuation, retirees who were enrolled in Active plans were assumed to be age sixty-two and retirees who were enrolled in Medicare Supplement plans were assumed to be age seventy-two. Those not enrolled in a medical plan were assumed to be sixty-seven.
School Demographics:	Two thirds of school participants were teachers.
Other Material Changes:	No other data changes were deemed to be material.

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES

Table 1: Projection of Contributions using a July 1, 2022 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2023	42,175,023	0	42,175,023	0	1,772,915	0	1,772,915
June 30, 2024	39,178,543	4,261,731	43,440,274	0	1,917,819	0	1,917,819
June 30, 2025	36,883,188	7,860,294	44,743,482	0	2,065,419	0	2,065,419
June 30, 2026	34,953,308	11,132,478	46,085,786	0	2,177,912	0	2,177,912
June 30, 2027	33,284,163	14,184,197	47,468,360	0	2,356,310	0	2,356,310
June 30, 2028	31,612,716	17,279,695	48,892,411	0	2,544,437	0	2,544,437
June 30, 2029	30,001,010	20,358,173	50,359,183	0	2,658,842	0	2,658,842
June 30, 2030	28,449,540	23,420,418	51,869,958	0	2,791,889	0	2,791,889
June 30, 2031	27,169,418	26,256,639	53,426,057	0	3,001,494	0	3,001,494
June 30, 2032	25,953,413	29,075,426	55,028,839	0	3,119,452	0	3,119,452
June 30, 2033	24,660,618	32,019,086	56,679,704	0	3,226,795	0	3,226,795
June 30, 2034	23,393,727	34,986,368	58,380,095	0	3,463,547	15,927	3,479,474
June 30, 2035	22,338,931	37,792,567	60,131,498	0	3,558,931	41,952	3,600,883
June 30, 2036	21,368,141	40,567,302	61,935,443	0	3,715,490	78,588	3,794,078
June 30, 2037	20,312,697	43,480,809	63,793,506	0	3,930,966	131,555	4,062,521
June 30, 2038	19,420,289	46,287,022	65,707,311	0	4,058,306	197,909	4,256,215
June 30, 2039	18,644,413	49,034,117	67,678,530	0	4,177,605	238,841	4,416,446
June 30, 2040	17,873,857	51,835,029	69,708,886	0	4,391,572	288,536	4,680,108
June 30, 2041	17,094,839	54,705,314	71,800,153	0	4,469,551	348,806	4,818,357
June 30, 2042	16,396,870	57,557,288	73,954,158	0	4,592,473	387,805	4,980,278
June 30, 2043	15,586,641	60,586,142	76,172,783	0	4,773,341	432,428	5,205,769
June 30, 2044	14,792,703	63,665,263	78,457,966	0	4,797,498	509,780	5,307,278
June 30, 2045	14,097,945	66,713,760	80,811,705	0	4,850,709	612,399	5,463,108
June 30, 2046	13,300,410	69,935,646	83,236,056	0	4,992,617	741,091	5,733,708
June 30, 2047	12,544,313	73,188,825	85,733,138	0	5,067,671	908,616	5,976,287
June 30, 2048	11,737,750	76,567,382	88,305,132	0	5,035,928	1,105,083	6,141,011
June 30, 2049	10,882,293	80,071,993	90,954,286	0	5,056,348	1,251,968	6,308,316
June 30, 2050	10,054,498	83,628,417	93,682,915	0	5,111,379	1,419,399	6,530,778
June 30, 2051	9,300,909	87,192,493	96,493,402	0	4,995,091	1,612,897	6,607,988
June 30, 2052	8,500,645	90,887,559	99,388,204	0	4,911,639	1,764,262	6,675,901
June 30, 2053	7,692,200	94,677,650	102,369,850	0	4,997,414	1,926,255	6,923,669
June 30, 2054	6,952,904	98,488,042	105,440,946	0	5,009,291	2,136,248	7,145,539
June 30, 2055	6,326,598	102,277,576	108,604,174	0	4,984,856	2,369,427	7,354,283
June 30, 2056	5,552,810	106,309,489	111,862,299	0	4,984,418	2,627,536	7,611,954
June 30, 2057	4,860,671	110,357,497	115,218,168	0	4,952,496	2,923,222	7,875,718
June 30, 2058	4,197,228	114,477,485	118,674,713	0	4,890,406	3,242,811	8,133,217
June 30, 2059	3,622,607	118,612,347	122,234,954	0	4,813,146	3,539,525	8,352,671
June 30, 2060	3,074,704	122,827,299	125,902,003	0	4,750,025	3,853,067	8,603,092
June 30, 2061	2,547,110	127,131,953	129,679,063	0	4,640,838	4,192,918	8,833,756
June 30, 2062	2,054,206	131,515,229	133,569,435	0	4,554,024	4,523,361	9,077,385

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

CONTRIBUTION PROJECTION DISCLOSURES (CONTINUED)

Table 1: Projection of Contributions using a July 1, 2022 Valuation Date

For the Period Ending on the Measurement Date	I. Payroll for current employees	II. Payroll for future employees	III. Total Payroll [I.+II.]	IV. Contributions from current employees	V. Employer Payments for current plan members	VI. Employer Payments for future employees	VII. Total Payments [IV.+V.+VI.]
June 30, 2063	1,646,466	135,930,052	137,576,518	0	4,427,802	4,864,664	9,292,466
June 30, 2064	1,252,619	140,451,195	141,703,814	0	4,362,179	5,260,311	9,622,490
June 30, 2065	956,222	144,998,706	145,954,928	0	4,331,080	5,682,136	10,013,216
June 30, 2066	684,869	149,648,707	150,333,576	0	4,252,668	6,135,750	10,388,418
June 30, 2067	524,438	154,319,145	154,843,583	0	4,196,615	6,633,807	10,830,422
June 30, 2068	348,661	159,140,229	159,488,890	0	4,166,189	7,162,808	11,328,997
June 30, 2069	215,024	164,058,533	164,273,557	0	4,093,190	7,694,046	11,787,236
June 30, 2070	165,027	169,036,737	169,201,764	0	4,032,424	8,247,954	12,280,378
June 30, 2071	109,931	174,167,886	174,277,817	0	3,985,336	8,836,205	12,821,541
June 30, 2072	65,502	179,440,650	179,506,152	0	3,901,144	9,409,752	13,310,896
June 30, 2073	21,225	184,870,112	184,891,337	0	3,822,777	9,999,907	13,822,684
June 30, 2074	0	190,438,077	190,438,077	0	3,740,116	10,630,889	14,371,005
June 30, 2075	0	196,151,219	196,151,219	0	3,629,728	11,278,921	14,908,649
June 30, 2076	0	202,035,756	202,035,756	0	3,525,513	11,950,612	15,476,125
June 30, 2077	0	208,096,829	208,096,829	0	3,399,375	12,649,107	16,048,482
June 30, 2078	0	214,339,734	214,339,734	0	3,275,861	13,368,034	16,643,895
June 30, 2079	0	220,769,926	220,769,926	0	3,144,546	14,125,291	17,269,837
June 30, 2080	0	227,393,024	227,393,024	0	2,988,752	14,901,810	17,890,562
June 30, 2081	0	234,214,815	234,214,815	0	2,843,668	15,705,707	18,549,375
June 30, 2082	0	241,241,259	241,241,259	0	2,681,659	16,533,867	19,215,526
June 30, 2083	0	248,478,497	248,478,497	0	2,522,401	17,380,981	19,903,382
June 30, 2084	0	255,932,852	255,932,852	0	2,360,727	18,263,920	20,624,647
June 30, 2085	0	263,610,838	263,610,838	0	2,185,377	19,172,705	21,358,082
June 30, 2086	0	271,519,163	271,519,163	0	2,019,233	20,108,891	22,128,124
June 30, 2087	0	279,664,738	279,664,738	0	1,852,666	21,079,251	22,931,917
June 30, 2088	0	288,054,680	288,054,680	0	1,688,134	22,081,853	23,769,987
June 30, 2089	0	296,696,320	296,696,320	0	1,531,240	23,126,299	24,657,539
June 30, 2090	0	305,597,210	305,597,210	0	1,375,614	24,199,569	25,575,183
June 30, 2091	0	314,765,126	314,765,126	0	1,228,564	25,309,563	26,538,127
June 30, 2092	0	324,208,080	324,208,080	0	1,090,321	26,458,744	27,549,065
June 30, 2093	0	333,934,322	333,934,322	0	959,214	27,642,454	28,601,668
June 30, 2094	0	343,952,352	343,952,352	0	837,254	28,865,449	29,702,703
June 30, 2095	0	354,270,923	354,270,923	0	724,669	30,129,418	30,854,087
June 30, 2096	0	364,899,051	364,899,051	0	621,619	31,436,193	32,057,812
June 30, 2097	0	375,846,023	375,846,023	0	528,182	32,787,492	33,315,674

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY NET POSITION PROJECTION DISCLOSURES

Table 2: Projection of OPEB Plan's Fiduciary Net Position using a July 1 2022 Valuation Date

For the Period Ending on the Measurement	I. Beginning Fiduciary Net Position for	II. Employer Share of Benefit Payments for Current Plan	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [II. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
Date	Current Plan Members	Members							Members
June 30, 2023	12,730,789	1,772,915	2,128,138	3,901,053	0	1,772,915	1,772,915	1,261,810	16,120,737
June 30, 2024	16,120,737	1,917,819	959,678	2,877,497	0	1,917,819	1,917,819	906,725	17,987,140
June 30, 2025	17,987,140	2,065,419	877,139	2,942,558	0	2,065,419	2,065,419	1,112,525	19,976,804
June 30, 2026	19,976,804	2,177,912	807,033	2,984,945	0	2,177,912	2,177,912	1,230,614	22,014,451
June 30, 2027	22,014,451	2,356,310	746,111	3,102,421	0	2,356,310	2,356,310	1,351,875	24,112,437
June 30, 2028	24,112,437	2,544,437	688,003	3,232,440	0	2,544,437	2,544,437	1,476,864	26,277,304
June 30, 2029	26,277,304	2,658,842	633,909	3,292,751	0	2,658,842	2,658,842	1,606,013	28,517,226
June 30, 2030	28,517,226	2,791,889	583,619	3,375,508	0	2,791,889	2,791,889	1,739,807	30,840,652
June 30, 2031	30,840,652	3,001,494	541,124	3,542,618	0	3,001,494	3,001,494	1,878,878	33,260,654
June 30, 2032	33,260,654	3,119,452	4,242,391	7,361,843	0	3,119,452	3,119,452	2,135,185	39,638,230
June 30, 2033	39,638,230	3,226,795	3,913,658	7,140,453	0	3,226,795	3,226,795	2,510,609	46,062,497
June 30, 2034	46,062,497	3,463,547	3,604,468	7,068,015	0	3,479,474	3,479,474	2,889,434	52,540,472
June 30, 2035	52,540,472	3,558,931	3,341,696	6,900,627	0	3,600,883	3,600,883	3,272,884	59,113,100
June 30, 2036	59,113,100	3,715,490	3,103,373	6,818,863	0	3,794,078	3,794,078	3,662,779	65,800,664
June 30, 2037	65,800,664	3,930,966	2,864,162	6,795,128	0	4,062,521	4,062,521	4,059,590	72,592,861
June 30, 2038	72,592,861	4,058,306	2,658,573	6,716,879	0	4,256,215	4,256,215	4,463,721	79,517,246
June 30, 2039	79,517,246	4,177,605	2,478,017	6,655,622	0	4,416,446	4,416,446	4,876,581	86,633,003
June 30, 2040	86,633,003	4,391,572	2,306,411	6,697,983	0	4,680,108	4,680,108	5,301,266	93,952,144
June 30, 2041	93,952,144	4,469,551	2,141,639	6,611,190	0	4,818,357	4,818,357	5,738,439	101,483,416
June 30, 2042	101,483,416	4,592,473	1,994,366	6,586,839	0	4,980,278	4,980,278	6,188,945	109,278,922
June 30, 2043	109,278,922	4,773,341	1,840,599	6,613,940	0	5,205,769	5,205,769	6,655,218	117,342,311
June 30, 2044	117,342,311	4,797,498	1,695,966	6,493,464	0	5,307,278	5,307,278	7,137,943	125,666,440
June 30, 2045	125,666,440	4,850,709	1,569,235	6,419,944	0	5,463,108	5,463,108	7,636,949	134,260,225
June 30, 2046	134,260,225	4,992,617	1,437,342	6,429,959	0	5,733,708	5,733,708	8,152,089	143,108,565
June 30, 2047	143,108,565	5,067,671	1,316,148	6,383,819	0	5,976,287	5,976,287	8,682,922	152,199,019
June 30, 2048	152,199,019	5,035,928	1,195,654	6,231,582	0	6,141,011	6,141,011	9,228,400	161,517,990
June 30, 2049	161,517,990	5,056,348	1,076,227	6,132,575	0	6,308,316	6,308,316	9,787,712	171,129,961
June 30, 2050	171,129,961	5,111,379	965,398	6,076,777	0	6,530,778	6,530,778	10,364,977	181,040,937
June 30, 2051	181,040,937	4,995,091	867,030	5,862,121	0	6,607,988	6,607,988	10,960,673	191,255,743
June 30, 2052	191,255,743	4,911,639	769,349	5,680,988	0	6,675,901	6,675,901	11,574,741	201,835,571
June 30, 2053	201,835,571	4,997,414	675,904	5,673,318	0	6,923,669	6,923,669	12,210,982	212,796,202
June 30, 2054	212,796,202	5,009,291	593,149	5,602,440	0	7,145,539	7,145,539	12,870,541	224,123,644
June 30, 2055	224,123,644	4,984,856	523,999	5,508,855	0	7,354,283	7,354,283	13,552,661	235,830,877
June 30, 2056	235,830,877	4,984,418	446,515	5,430,933	0	7,611,954	7,611,954	14,257,472	247,907,328
June 30, 2057	247,907,328	4,952,496	379,474	5,331,970	0	7,875,718	7,875,718	14,984,895	260,348,475
June 30, 2058	260,348,475	4,890,406	318,135	5,208,541	0	8,133,217	8,133,217	15,734,515	273,158,314
June 30, 2059	273,158,314	4,813,146	266,583	5,079,729	0	8,352,671	8,352,671	16,506,695	286,392,067
June 30, 2060	286,392,067	4,750,025	219,673	4,969,698	0	8,603,092	8,603,092	17,304,618	300,063,291
June 30, 2061	300,063,291	4,640,838	176,679	4,817,517	0	8,833,756	8,833,756	18,129,080	314,176,132
June 30, 2062	314,176,132	4,554,024	138,339	4,692,363	0	9,077,385	9,077,385	18,980,355	328,771,465

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

FIDUCIARY POSITION PROJECTION DISCLOSURES (CONTINUED)

Table 2: Projection of OPEB Plan's Fiduciary Net Position using a July 1 2022 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Employer Share of Benefit Payments for Current Plan Members	III. Contributions to Trust for Current Plan Members beyond Pay-as-you-go	IV. Gross Contributions to Trust for Current Plan Members [III. + III.]	V. Administrative Expenses Withdrawn from the Trust for Current Plan Members	VI. Benefit Payments Withdrawn from the Trust	VII. Trust Withdrawals [V. + VI.]	VIII. Investment Earnings	IX. Ending Fiduciary Net Position for Current Plan Members
June 30, 2063	328,771,465	4,427,802	107,650	4,535,452	0	9,292,466	9,292,466	19,861,000	343,875,451
June 30, 2064	343,875,451	4,362,179	79,514	4,441,693	0	9,622,490	9,622,490	20,772,443	359,467,097
June 30, 2065	359,467,097	4,331,080	58,931	4,390,011	0	10,013,216	10,013,216	21,713,566	375,557,458
June 30, 2066	375,557,458	4,252,668	40,979	4,293,647	0	10,388,418	10,388,418	22,684,890	392,147,577
June 30, 2067	392,147,577	4,196,615	30,465	4,227,080	0	10,830,422	10,830,422	23,686,620	409,230,855
June 30, 2068	409,230,855	4,166,189	19,664	4,185,853	0	11,328,997	11,328,997	24,718,129	426,805,840
June 30, 2069	426,805,840	4,093,190	11,774	4,104,964	0	11,787,236	11,787,236	25,779,423	444,902,991
June 30, 2070	444,902,991	4,032,424	8,773	4,041,197	0	12,280,378	12,280,378	26,872,402	463,536,212
June 30, 2071	463,536,212	3,985,336	5,674	3,991,010	0	12,821,541	12,821,541	27,997,756	482,703,437
June 30, 2072	482,703,437	3,901,144	3,282	3,904,426	0	13,310,896	13,310,896	29,155,385	502,452,352
June 30, 2073	502,452,352	3,822,777	1,033	3,823,810	0	13,822,684	13,822,684	30,348,153	522,801,631
June 30, 2074	522,801,631	3,740,116	0	3,740,116	0	14,371,005	14,371,005	31,577,219	543,747,961
June 30, 2075	543,747,961	3,629,728	0	3,629,728	0	14,908,649	14,908,649	32,842,377	565,311,417
June 30, 2076	565,311,417	3,525,513	0	3,525,513	0	15,476,125	15,476,125	34,144,810	587,505,615
June 30, 2077	587,505,615	3,399,375	0	3,399,375	0	16,048,482	16,048,482	35,484,339	610,341,847
June 30, 2078	610,341,847	3,275,861	0	3,275,861	0	16,643,895	16,643,895	36,864,648	633,838,461
June 30, 2079	633,838,461	3,144,546	0	3,144,546	0	17,269,837	17,269,837	38,283,843	657,997,013
June 30, 2080	657,997,013	2,988,752	0	2,988,752	0	17,890,562	17,890,562	39,743,020	682,838,223
June 30, 2081	682,838,223	2,843,668	0	2,843,668	0	18,549,375	18,549,375	41,243,429	708,375,945
June 30, 2082	708,375,945	2,681,659	0	2,681,659	0	19,215,526	19,215,526	42,785,907	734,627,985
June 30, 2083	734,627,985	2,522,401	0	2,522,401	0	19,903,382	19,903,382	44,371,530	761,618,534
June 30, 2084	761,618,534	2,360,727	0	2,360,727	0	20,624,647	20,624,647	46,001,759	789,356,373
June 30, 2085	789,356,373	2,185,377	0	2,185,377	0	21,358,082	21,358,082	47,677,125	817,860,793
June 30, 2086	817,860,793	2,019,233	0	2,019,233	0	22,128,124	22,128,124	49,398,792	847,150,694
June 30, 2087	847,150,694	1,852,666	0	1,852,666	0	22,931,917	22,931,917	51,167,902	877,239,345
June 30, 2088	877,239,345	1,688,134	0	1,688,134	0	23,769,987	23,769,987	52,985,256	908,142,748
June 30, 2089	908,142,748	1,531,240	0	1,531,240	0	24,657,539	24,657,539	54,851,822	939,868,271
June 30, 2090	939,868,271	1,375,614	0	1,375,614	0	25,575,183	25,575,183	56,768,044	972,436,746
June 30, 2091	972,436,746	1,228,564	0	1,228,564	0	26,538,127	26,538,127	58,735,179	1,005,862,362
June 30, 2092	1,005,862,362	1,090,321	0	1,090,321	0	27,549,065	27,549,065	60,754,087	1,040,157,705
June 30, 2093	1,040,157,705	959,214	0	959,214	0	28,601,668	28,601,668	62,825,525	1,075,340,776
June 30, 2094	1,075,340,776	837,254	0	837,254	0	29,702,703	29,702,703	64,950,583	1,111,425,910
June 30, 2095	1,111,425,910	724,669	0	724,669	0	30,854,087	30,854,087	67,130,125	1,148,426,617
June 30, 2096	1,148,426,617	621,619	0	621,619	0	32,057,812	32,057,812	69,364,968	1,186,355,392
June 30, 2097	1,186,355,392	528,182	0	528,182	0	33,315,674	33,315,674	71,655,866	1,225,223,766

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2022 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [III. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.04%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.13%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [6.04%]
June 30, 2023	12,730,789	1,772,915	1,772,915	0	1,772,915	0	1,772,915
June 30, 2024	16,120,737	1,917,819	1,917,819	0	1,808,581	0	1,808,581
June 30, 2025	17,987,140	2,065,419	2,065,419	0	1,836,829	0	1,836,829
June 30, 2026	19,976,804	2,177,912	2,177,912	0	1,826,548	0	1,826,548
June 30, 2027	22,014,451	2,356,310	2,356,310	0	1,863,604	0	1,863,604
June 30, 2028	24,112,437	2,544,437	2,544,437	0	1,897,768	0	1,897,768
June 30, 2029	26,277,304	2,658,842	2,658,842	0	1,870,140	0	1,870,140
June 30, 2030	28,517,226	2,791,889	2,791,889	0	1,851,868	0	1,851,868
June 30, 2031	30,840,652	3,001,494	3,001,494	0	1,877,499	0	1,877,499
June 30, 2032	33,260,654	3,119,452	3,119,452	0	1,840,140	0	1,840,140
June 30, 2033	39,638,230	3,226,795	3,226,795	0	1,795,040	0	1,795,040
June 30, 2034	46,062,497	3,463,547	3,463,547	0	1,816,997	0	1,816,997
June 30, 2035	52,540,472	3,558,931	3,558,931	0	1,760,690	0	1,760,690
June 30, 2036	59,113,100	3,715,490	3,715,490	0	1,733,444	0	1,733,444
June 30, 2037	65,800,664	3,930,966	3,930,966	0	1,729,511	0	1,729,511
June 30, 2038	72,592,861	4,058,306	4,058,306	0	1,683,833	0	1,683,833
June 30, 2039	79,517,246	4,177,605	4,177,605	0	1,634,601	0	1,634,601
June 30, 2040	86,633,003	4,391,572	4,391,572	0	1,620,447	0	1,620,447
June 30, 2041	93,952,144	4,469,551	4,469,551	0	1,555,281	0	1,555,281
June 30, 2042	101,483,416	4,592,473	4,592,473	0	1,507,030	0	1,507,030
June 30, 2043	109,278,922	4,773,341	4,773,341	0	1,477,162	0	1,477,162
June 30, 2044	117,342,311	4,797,498	4,797,498	0	1,400,073	0	1,400,073
June 30, 2045	125,666,440	4,850,709	4,850,709	0	1,334,970	0	1,334,970
June 30, 2046	134,260,225	4,992,617	4,992,617	0	1,295,760	0	1,295,760
June 30, 2047	143,108,565	5,067,671	5,067,671	0	1,240,324	0	1,240,324
June 30, 2048	152,199,019	5,035,928	5,035,928	0	1,162,349	0	1,162,349
June 30, 2049	161,517,990	5,056,348	5,056,348	0	1,100,587	0	1,100,587
June 30, 2050	171,129,961	5,111,379	5,111,379	0	1,049,194	0	1,049,194
June 30, 2051	181,040,937	4,995,091	4,995,091	0	966,922	0	966,922
June 30, 2052	191,255,743	4,911,639	4,911,639	0	896,612	0	896,612
June 30, 2053	201,835,571	4,997,414	4,997,414	0	860,308	0	860,308
June 30, 2054	212,796,202	5,009,291	5,009,291	0	813,233	0	813,233
June 30, 2055	224,123,644	4,984,856	4,984,856	0	763,171	0	763,171
June 30, 2056	235,830,877	4,984,418	4,984,418	0	719,637	0	719,637
June 30, 2057	247,907,328	4,952,496	4,952,496	0	674,301	0	674,301
June 30, 2058	260,348,475	4,890,406	4,890,406	0	627,921	0	627,921
June 30, 2059	273,158,314	4,813,146	4,813,146	0	582,799	0	582,799
June 30, 2060	286,392,067	4,750,025	4,750,025	0	542,396	0	542,396
June 30, 2061	300,063,291	4,640,838	4,640,838	0	499,743	0	499,743
June 30, 2062	314,176,132	4,554,024	4,554,024	0	462,462	0	462,462

Sum of Column V.	58,786,963
Sum of Column VI.	0
Sum of Column VII.	[V. + VI.]
	58,786,963

APPENDIX I – LIABILITIES, ASSETS, & CASH FLOWS

BENEFIT PAYMENT PROJECTION DISCLOSURES (CONTINUED)

Table 3: Actuarial Present Values of Projected Benefit Payments using a July 1, 2022 Valuation Date

For the Period Ending on the Measurement Date	I. Beginning Fiduciary Net Position for Current Plan Members	II. Benefit Payments for Current Plan Members	III. Funded Portion of Benefit Payments	IV. Unfunded Portion of Benefit Payments [II. - III.]	V. Present Value of Funded Benefit Payments using the Long-Term Rate of Return [6.04%]	VI. Present Value of Unfunded Benefit Payments using the Municipal Bond Rate [4.13%]	VII. Present Value of Benefit Payments using the Single Equivalent Discount Rate [6.04%]
June 30, 2063	328,771,465	4,427,802	4,427,802	0	424,033	0	424,033
June 30, 2064	343,875,451	4,362,179	4,362,179	0	393,954	0	393,954
June 30, 2065	359,467,097	4,331,080	4,331,080	0	368,865	0	368,865
June 30, 2066	375,557,458	4,252,668	4,252,668	0	341,557	0	341,557
June 30, 2067	392,147,577	4,196,615	4,196,615	0	317,857	0	317,857
June 30, 2068	409,230,855	4,166,189	4,166,189	0	297,579	0	297,579
June 30, 2069	426,805,840	4,093,190	4,093,190	0	275,711	0	275,711
June 30, 2070	444,902,991	4,032,424	4,032,424	0	256,147	0	256,147
June 30, 2071	463,536,212	3,985,336	3,985,336	0	238,736	0	238,736
June 30, 2072	482,703,437	3,901,144	3,901,144	0	220,382	0	220,382
June 30, 2073	502,452,352	3,822,777	3,822,777	0	203,654	0	203,654
June 30, 2074	522,801,631	3,740,116	3,740,116	0	187,901	0	187,901
June 30, 2075	543,747,961	3,629,728	3,629,728	0	171,968	0	171,968
June 30, 2076	565,311,417	3,525,513	3,525,513	0	157,517	0	157,517
June 30, 2077	587,505,615	3,399,375	3,399,375	0	143,230	0	143,230
June 30, 2078	610,341,847	3,275,861	3,275,861	0	130,164	0	130,164
June 30, 2079	633,838,461	3,144,546	3,144,546	0	117,829	0	117,829
June 30, 2080	657,997,013	2,988,752	2,988,752	0	105,613	0	105,613
June 30, 2081	682,838,223	2,843,668	2,843,668	0	94,762	0	94,762
June 30, 2082	708,375,945	2,681,659	2,681,659	0	84,273	0	84,273
June 30, 2083	734,627,985	2,522,401	2,522,401	0	74,753	0	74,753
June 30, 2084	761,618,534	2,360,727	2,360,727	0	65,977	0	65,977
June 30, 2085	789,356,373	2,185,377	2,185,377	0	57,598	0	57,598
June 30, 2086	817,860,793	2,019,233	2,019,233	0	50,187	0	50,187
June 30, 2087	847,150,694	1,852,666	1,852,666	0	43,425	0	43,425
June 30, 2088	877,239,345	1,688,134	1,688,134	0	37,314	0	37,314
June 30, 2089	908,142,748	1,531,240	1,531,240	0	31,918	0	31,918
June 30, 2090	939,868,271	1,375,614	1,375,614	0	27,041	0	27,041
June 30, 2091	972,436,746	1,228,564	1,228,564	0	22,775	0	22,775
June 30, 2092	1,005,862,362	1,090,321	1,090,321	0	19,061	0	19,061
June 30, 2093	1,040,157,705	959,214	959,214	0	15,814	0	15,814
June 30, 2094	1,075,340,776	837,254	837,254	0	13,017	0	13,017
June 30, 2095	1,111,425,910	724,669	724,669	0	10,625	0	10,625
June 30, 2096	1,148,426,617	621,619	621,619	0	8,595	0	8,595
June 30, 2097	1,186,355,392	528,182	528,182	0	6,887	0	6,887

APPENDIX II – PLAN PROVISIONS

<u>Plan Year</u>	July 1 through June 30.
<u>Premium Effective Date</u>	Medicare Supplement Plans: effective January 1, 2023 Active Plans: effective September 1, 2022 Dental Plans: N/A
<u>Creditable Service</u>	Elapsed time from date of hire to termination of service date.
<u>Benefits Offered</u>	Medical Insurance well as \$3,000 of Group Term Life Insurance.
<u>Medicare Part A</u>	The Town pays Medicare Part A premiums and penalties for a select group of retirees who would have otherwise been ineligible for Medicare. These payments were reflected in the valuation.
<u>Medicare Part B</u>	Medicare Part B Premium reimbursements by the Town were not reflected in this valuation. Medicare Part B Penalty reimbursements have been reflected.
<u>Surviving Spouse Coverage</u>	Spousal benefits do not change after the death of a plan participant.

APPENDIX II – PLAN PROVISIONS

Eligibility

Hire Date	Eligibility
Before April 2, 2012	<ul style="list-style-type: none"> • Age 55 with 10 years of creditable service • 20 years of service regardless of age
On or after April 2, 2012	<ul style="list-style-type: none"> • Age 60 with 10 years of creditable service

Participant Contributions

Group	Individual	Two-Person / Family
Medical	50%	50%
Dental	N/A	N/A
Life	50%	N/A

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Pre-Retirement Mortality

General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females

Post-Retirement Mortality

General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

Disabled Mortality

General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year
Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females

Assumption Experience Study

The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of the Massachusetts PERAC issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

Discount Rate

6.04% per annum (previously 5.91%)

Net Long Term Rate of Return

6.04% (based on investment policy)

Municipal Bond Rate

4.13% as of June 30, 2023 (source: S&P Municipal Bond 20-Year High Grade Index – SAPIHG)

Actuarial Cost Method

Individual Entry Age Normal

Asset-Valuation Method

Market Value of Assets as of the Measurement Date, June 30, 2023

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Employee Termination

It was assumed that employees would terminate employment in accordance with the sample rates shown in the following table:

Non-Public Safety Employees

Service	Male	Female
0	15.00%	15.00%
5	7.60%	7.60%
10	5.40%	5.40%
15	3.30%	3.30%
20	2.00%	2.00%

Public Safety Employees

Service	Male	Female
0	9.00%	9.00%
5	6.00%	6.00%
10	3.50%	3.50%
15	2.00%	2.00%
20	1.50%	1.50%
25	1.50%	1.50%
30	1.50%	1.50%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Retirement Rates for Eligible Employees

Age	Standard Male	Standard Female	Male Teachers	Female Teachers	Public Safety
45 - 49	0.00%	0.00%	0.00%	0.00%	6.00%
50 - 51	3.00%	3.00%	2.00%	1.50%	6.00%
52	3.00%	3.00%	2.00%	1.50%	6.00%
53	3.00%	3.00%	2.00%	1.50%	7.50%
54	3.00%	3.50%	2.00%	2.00%	15.00%
55	3.50%	5.00%	6.00%	5.00%	25.00%
56	3.50%	5.00%	20.00%	15.00%	15.00%
57	4.00%	5.50%	40.00%	35.00%	15.00%
58	5.00%	6.00%	50.00%	35.00%	15.00%
59	6.00%	6.50%	50.00%	35.00%	15.00%
60	9.00%	7.50%	40.00%	35.00%	20.00%
61	11.00%	10.00%	40.00%	35.00%	20.00%
62	15.00%	15.00%	35.00%	35.00%	20.00%
63	15.00%	15.00%	35.00%	35.00%	20.00%
64	16.00%	15.00%	35.00%	35.00%	30.00%
65	20.00%	20.00%	35.00%	35.00%	50.00%
66	20.00%	20.00%	40.00%	35.00%	25.00%
67	20.00%	20.00%	40.00%	30.00%	25.00%
68	20.00%	20.00%	40.00%	30.00%	25.00%
69	20.00%	20.00%	40.00%	30.00%	25.00%
70	100.00%	100.00%	100.00%	100.00%	100.00%
71	100.00%	100.00%	100.00%	100.00%	100.00%
72	100.00%	100.00%	100.00%	100.00%	100.00%

Permanent Disability Rates

Age	Standard	Teachers	Public Safety
20	0.01%	0.05%	0.20%
30	0.01%	0.07%	0.21%
40	0.07%	0.21%	0.71%
50	0.13%	0.42%	1.10%
60	0.12%	0.50%	0.80%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Trend Rate

Medicare Part A & B Premiums & Penalties: Assumed to rise at the same rates as our Medical Plan trend assumption.

Medical Plans: Rates were developed using the SOA Getzen Model of Long-Run Medical Cost Trends with the following model input variables:

Inflation (CPI):	2.50%
Real GDP (per capita):	1.10%
Excess Medical Cost Growth:	1.10%
Expected Health Share of GDP in 2030:	21%
Health Share of GDP Resistance Point:	22.5%
Year for Limiting Cost Growth to GDP Growth:	2060

See below for a table of trend rates for select years:

Year	Rate
2021	9.00%
2022	8.00%
2023	6.50%
2024	5.00%
2025	4.96%
2026	4.92%
2027	4.88%
2028	4.84%
2029	4.81%
2030 - 2037	4.77%
2050	4.38%
2060+	3.63%

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Participation Rate

It was assumed that 80% of employees eligible to receive retirement benefits would enroll in the retiree medical plans upon retirement. For life insurance plans, it was assumed that 80% of eligible employees would elect coverage upon retirement.

Spouse Participation Rate

It was assumed that 80% of male employees and 70% of female employees who elect retiree healthcare coverage for themselves would also elect coverage for a spouse upon retirement.

Medicare Eligibility

It was assumed that retirees who were over age 66 on the valuation date and were enrolled in an Active plan were ineligible for Medicare and all other participants would be eligible for Medicare at age 65, absent any information to the contrary.

Compensation Increases

3.00% per year.

Inflation Rate

2.50% per year.

COVID-19

We recognize that COVID-19 may impact plan experience. We have reviewed the assumptions used in this report. Based on the data that is currently available, we have not made any adjustments to these assumptions to reflect the impact of COVID-19. We will continue to monitor the impact of COVID-19 to determine if adjustments to valuation assumptions are warranted.

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Implicit Subsidy

The implicit subsidy arises because retirees who are not eligible for Medicare are charged the same premium as active employees, even though their actual medical costs are higher on average. Consequently, a portion of the premiums being paid for active employees are being used to “subsidize” the premiums of retirees. Actuarial Standards of Practice and GASB standards require the liability associated with this implicit subsidy to be valued. The chart below shows a breakdown of how implicit cost impacts reported cash flows and liabilities. Actuarial Standard of Practice No. 6 (“ASOP 6”) requires us to recognize this implicit subsidy while the plan sponsor may only pay the premiums billed by an insurance provider.

Impact of Implicit Subsidy		
	As of the Measurement Date	
Impact on Liability	<u>June 30, 2023</u>	<u>June 30, 2022</u>
I. Total OPEB Liability	49,956,867	44,715,760
II. Total OPEB Liability (Excluding Implicit Subsidy)	<u>219,730</u>	<u>30,960,731</u>
III. Liability from Implicit Subsidy [I. - II.]	49,737,137	13,755,029

	For the Measurement Period Ending	
Impact on Payments	<u>June 30, 2023</u>	<u>June 30, 2022</u>
IV. Employer Payments (Including Implicit Subsidy)	1,772,915	1,727,314
V. Actual Employer Payments	<u>10,879</u>	<u>1,191,532</u>
VI. Implicit Subsidy [IV. - V.]	1,762,036	535,782

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Pre-65 and post-65 per capita costs were developed using fully insured premium rates.

ANNUAL PER CAPITA CLAIMS*

ACTIVE EMPLOYEES			RETIREE - NOT MEDICARE ELIGIBLE			RETIREE - MEDICARE ELIGIBLE		
Age Bracket	Female	Male	Age Bracket	Female	Male	Age Bracket	Female	Male
24 & Under	4,672	2,945	44 & Under	9,182	6,017	65 to 69	3,017	3,097
25 to 29	6,892	3,064	45 to 49	10,086	7,597	70 to 74	3,559	3,712
30 to 34	8,710	3,846	50 to 54	11,865	10,006	75 to 79	4,129	4,384
35 to 39	8,971	4,830	55 to 59	13,717	13,008	80 to 84	4,736	5,039
40 to 44	9,182	6,017	60 to 64	16,322	16,693	85 to 89	5,294	5,614
45 to 49	10,086	7,597	65 to 69	19,566	20,821	90 & Over	5,294	5,614
50 to 54	11,865	10,006	70 to 74	23,073	24,952			
55 to 59	13,717	13,008	75 to 79	26,796	29,470			
60 to 64	16,322	16,693	80 to 84	30,723	33,873			
65 to 69	19,566	20,821	85 to 89	35,070	38,772			
70 & Over	23,073	24,952	90 & Over	35,070	38,772			

*Based on SOA 'Health Care Costs--From Birth to Death' study published in 2013

APPENDIX III – ACTUARIAL METHODS & ASSUMPTIONS

Open Group Forecast

For the projection of plan liabilities in future years, it was assumed that the number of active employees will remain constant and those who terminate employment or retire will be replaced with new employees with the demographics below:

Open Group Forecast Population Demographics		
Age	Male	Female
20	8.0%	5.0%
30	7.0%	14.0%
40	20.0%	19.0%
50	10.0%	10.0%
60	<u>3.0%</u>	<u>4.0%</u>
Total	48.0%	52.0%

Additional Comments

The liabilities being reported as of the Measurement Date of June 30, 2023 reflect a closed group and do not reflect any new entrants after the valuation date.

To the best of our knowledge all employees who are eligible on the valuation date are included in the actuarial valuation.

APPENDIX IV – PLAN DEMOGRAPHICS

Active Employees

Valuation Date	July 1, 2022	July 1, 2020
A. Average Age at Hire	36.42	37.59
B. Average Service	<u>8.90</u>	<u>8.68</u>
C. Average Current Age	45.32	46.27

Retired Employees & Spouses

Valuation Date	July 1, 2022	July 1, 2020
A. Under Age 65	76	71
B. Age 65 & Over	<u>371</u>	<u>319</u>
C. Total	447	390

Average Service Age

Age	Years of Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
0-24	20	1								21
25-29	49	4	1							54
30-34	45	19	1							65
35-39	30	20	22	6						78
40-44	38	25	14	17	7					101
45-49	23	14	7	7	17	1				69
50-54	21	11	9	8	12	8				69
55-59	27	11	9	11	18	4	2			82
60-64	13	8	11	9	10	1	1			53
65-69	9	3	2	3	3	1				21
70+			2		2			2		6
Total	275	116	78	61	69	15	3	2		619

APPENDIX IV – PLAN DEMOGRAPHICS

<u>Plan Offerings</u>	<u>Number of Contracts</u>			
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>	<u>Total</u>
MIIA PPO	4		4	8
Blue NE	22		49	71
MIIA HMO	124		258	382
Managed Blue	3	6		9
Medex 2	144	104		248
Total	297	110	311	718

	<u>Per Contract Costs (monthly)</u>		
	<u>Single</u>	<u>Two-Person</u>	<u>Family</u>
MIIA PPO	1,098.11		2,838.94
Blue NE	899.83		2,326.61
MIIA HMO	836.84		2,163.73
Managed Blue	342.00	684.00	
Medex 2	353.54	707.08	
Dental Plan	N/A		N/A

APPENDIX IV – PLAN DEMOGRAPHICS

	Active Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
MIA PPO	4		4	12	188,978.40	158,127.84
Blue NE	22		49	120	1,605,601.80	1,295,755.20
MIA HMO	124		258	640	7,944,126.00	6,426,931.20
Total	150	0	311	772	9,738,706.20	7,880,814.24
Blended Average Monthly Rate:						\$ 850.69

	Medicare Supplement Plan Average Premium Calculation					
	Single	Two-Person	Family	Number of Participants	Total Premiums Paid	Claims Without Children
Managed Blue	3	6		15	61,560.00	61,560.00
Medex 2	144	104		352	1,493,352.96	1,493,352.96
Total	147	110	0	367	1,554,912.96	1,554,912.96
Blended Average Monthly Rate:						\$ 353.07

APPENDIX V – OVERVIEW OF GASB 74 & 75

Before Statements 74 and 75, GASB statement 45 established the reporting standards for Other Postemployment Benefit (“OPEB”) plans. It was designed to recognize the Other Postemployment Benefits earned by employees throughout their working career vs. when they are paid in retirement – accrual accounting vs. “pay-as-you-go” accounting. Additionally, each eligible active employee earns benefits each year representing benefits to be paid in retirement or a “Service Cost”. These amounts are reflected in your financial statement each year so that OPEB benefits for an eligible employee shall be fully charged to the financial statement when that eligible employee terminates employment.

In 2012 GASB issued GASB Statements 67 and 68 to update and standardize the financial reporting of pension liabilities. This increased the transparency of pension liabilities by moving them to the balance sheet and made financial statement disclosures of pension liabilities more comparable between municipal entities. GASB Statements 74 and 75 are designed to have the same effect on OPEB plans.

GASB 74 and 75 require retiree medical plans to disclose information about asset and liability levels and show historical contribution information. GASB 74 only applies in situations where a separate trust is established to prefund these benefits. GASB 75 requires employers to perform periodic actuarial valuations to determine annual accounting costs and to keep a running tally of the extent to which these amounts are over or under funded.

GASB 74 and 75 apply to those benefits provided after retirement, except for pension benefits, such as medical, dental and life insurance. The philosophy behind the accounting standard is that these postemployment benefits are part of the compensation earned by employees in return for their services, and the cost of these benefits should be recognized while employees are providing those services, rather than after they have retired. This philosophy has already been applied for years to defined benefit pensions; GASB 74 and 75 extend this practice to all other postemployment benefits.

APPENDIX V – OVERVIEW OF GASB 74 & 75

The process of determining the liability for OPEB benefits is based on many assumptions about future events. The key actuarial assumptions are:

Turnover and retirement rates – How likely is it that an employee will qualify for postemployment benefits and when will they start?

Medical inflation and claims cost assumptions – When an employee starts receiving postemployment benefits many years from now, how much will be paid each year for the benefits and how rapidly will the costs grow?

Mortality assumption – How long is a retiree likely to receive benefits?

Discount rate assumption – What is the present value of those future benefit payments in terms of today's dollars?

Since the liability is being recognized over the employee's whole career with the Town, the present value is divided into three pieces: the part that is attributed to past years (the "Total OPEB Liability" or "Past Service Liability"), the part that is being earned this year (the "Service Cost"), and the part that will be earned in future years (the "Future Service Liability").

Once the Accrued Liability and the Service Cost have been calculated, the next step is to determine an actuarially determined contribution. This is an amount that if paid annually would fully prefund the benefits for current active and retired employees. This consists of two pieces:

- ✓ Service Cost – because the benefits earned by active employees each year should be paid for each year
- ✓ Past Service Cost – a catch-up payment to fund the Accrued Liability over a period of time determined by an actuary

The final step is to keep track going forward of how much of the contribution is actually paid. There is no requirement to actually fund these benefits, but the cumulative deficiency must be disclosed on the Town's financial statements as the Net OPEB Liability (NOL). If you decide to fully fund the NOL this will appear in the financial statement as a Net OPEB Asset. In addition, the Discount Rate used to calculate the liabilities must reflect the expected investment income of whatever funds are set aside to prefund the benefits; if there is no prefunding then the Discount Rate will be much lower and the liabilities significantly higher than if the benefits are prefunded.

APPENDIX VI – ASOP 41 DISCLOSURES

The Actuarial Standards Board (the “ASB”), vested by the U.S.-based actuarial organizations¹, promulgates actuarial standards of practice (“ASOPs”) for use by actuaries when providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct², to observe the ASOPs of the ASB when practicing in the United States.

The ASOPs are not narrowly prescriptive and neither dictate a single approach nor mandate a particular outcome. ASOPs are intended to provide actuaries with a framework for performing professional assignments and to offer guidance on relevant issues, recommended practices, documentation, and disclosure. Each ASOP articulates a process of analysis, documentation, and disclosure that, in the ASB’s judgment, constitutes appropriate practice within the scope and purpose of the ASOP.

ASOP 41 provides guidance to actuaries with respect to actuarial communications and requires certain disclosures which are contained in this Appendix.

Identification of the Responsible Actuary

The responsible actuary is Parker Elmore, ASA, EA, FCA, MAAA of Odyssey Advisors. This actuary is available to provide supplementary information and explanation.

Identification of Actuarial Documents

The date of this document is November 2, 2023 and its subject is the Town of Foxborough's GASB 75 OPEB liabilities.

¹ The American Academy of Actuaries (the “Academy”), the American Society of Pension Professionals and Actuaries, the Casualty Actuarial Society, the Conference of Consulting Actuaries, and the Society of Actuaries.

² These organizations adopted identical *Codes of Professional Conduct* effective January 1, 2001

APPENDIX VI – ASOP 41 DISCLOSURES

Disclosures in Actuarial Reports

- ✓ The contents of this report are intended for the use of the officers, employees, and elected officials of the Town and the Town's appointed auditor. The Town may distribute this report to those parties that have a legal right to require the Town to provide it, in which case it will be provided in its entirety including all assumptions, caveats, and limitations. In addition, we request that the Town notify Odyssey Advisors to whom it was distributed.
- ✓ The purpose of this engagement was to provide the Town with analysis of the GASB 75 OPEB liabilities.
- ✓ The responsible actuary identified above is qualified as specified in the Qualification Standards of the American Academy of Actuaries.
- ✓ Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.
- ✓ Actuarial computations under GASB 75 are for purposes of fulfilling financial accounting requirements of the Town. Determinations for purposes other than meeting these financial accounting requirements may be significantly different from the results contained in this report. These communications should not be relied upon for any other purpose.
- ✓ The Town of Foxborough has agreed to pay Odyssey Advisors a fee for preparing this report. Other than with regard to that contract, we are financially and organizationally independent from the Town and any entity or individual related to the Town. There is nothing in our relationship with the Town that would impair or seem to impair the objectivity of our work.
- ✓ The Town provided the employee/retiree data, premium rates and other information used to prepare our report. We have reviewed the data for reasonableness but have not audited it. To the extent that there are material inaccuracies in the data, our results may be accordingly affected.
- ✓ The date through which data or other information has been considered in developing the findings included in this report is June 30, 2023.
- ✓ The various documents comprising the actuarial report are contained within the document to which these disclosures are attached.

APPENDIX VI – ASOP 41 DISCLOSURES

Events Subsequent to the Measurement Date

To the best of our knowledge there were no material events subsequent to the Measurement Date that would impact the figures shown in this report.

Actuarial Findings

The actuarial findings of the report can be found in the report to which these disclosures are attached.

Methods, Procedures, Assumptions, and Data

The methods, procedures, assumptions and data used by the actuary can be found in the report to which these disclosures are attached.

Assumptions or Methods Prescribed by Law

While not legally binding, our determinations were made in accordance with our understanding of Statement No. 75 of the Governmental Accounting Standards Board. Actuarial computations under GASB 75 are for purposes of fulfilling employer accounting requirements. Determinations for purposes other than meeting such requirements may be significantly different from these results. Accordingly, additional determinations may be needed for other purposes.

Responsibility for Assumptions and Methods

The actuary does not disclaim responsibility for any material assumption(s) or method(s).

Deviation from the Guidance of an ASOP

The actuary has not deviated materially from the guidance set forth in an applicable ASOP.

Rounding

Results in this report are shown to the nearest dollar. Due to the predictive nature of these results, no implication is made as to the degree of precision in these unrounded figures. Clients should work with their auditors to decide if it would be prudent to round these results when applying them to the financial statements.

GLOSSARY

Accrual Accounting – A system of accounting in which revenues are recorded when earned and outlays are recorded when goods are received or services performed, even though the actual receipt of revenues and payment for goods or services may occur, in whole or in part, at a different time.

Actuarially Determined Contribution – Amount of funding required annually to fully fund plan benefits. Determined by the actuary using a consistent methodology.

Amortization – Allows the recognition of liability over a fixed period of time.

Cash Basis Accounting – A system of accounting in which revenues are recorded when received and outlays are recorded when payment is made.

Deferred Inflows/Outflows of Resources – Amounts arising from experience gains and losses that have not been recognized into the OPEB Expense but will be recognized in the future.

Discount Rate – The interest rate used to calculate the present value of future cash flows. Under GASB 75, the rate should be the expected long-term rate of return on investments for a plan that is being fully funded, the 20-year municipal bond index for a pay-as-you-go plan, and a blend of the two rates for a plan that is being partially funded.

Entry Age Normal – Under this method, the annual service cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement. The annual service cost for each active member is a level percent of payroll. The total OPEB liability is the actuarial present value of the projected benefit times the ratio of past service to expected total service at retirement/termination.

Fiduciary Net Position – The value of cash, investments, other assets and property belonging to an OPEB trust.

GLOSSARY

Government Accounting Standards Board (GASB) – “The Governmental Accounting Standards Board (GASB) was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities.”

Implicit Subsidy – The liability that arises because retirees who are not eligible for Medicare are charged the same premium as active employees even though their actual medical costs are higher on average.

Irrevocable Contribution – The transfer of assets to a qualified trust in which assets may only be withdrawn for the purpose of providing retiree other postemployment benefits.

Net OPEB Liability (NOL) – Total OPEB Liability less the Fiduciary Net Position.

Other Postemployment Benefits (OPEB) – Benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee.

OPEB Trust – An entity which holds assets for the sole purpose of funding OPEB. All contributions and earnings within this entity must be irrevocable and protected from creditors.

Pay-as-you-go funding – Paying benefits (such as pensions or OPEB) on a cash basis, with no money set aside for future liabilities which are already incurred.

Service Cost – The actuarially determined present value contribution needed to fund benefits which are earned for employee service rendered during the current year. Service cost depends on many factors, including the interest rate used to discount future cashflows, and expected inflation.

Total OPEB Liability (TOL) – That portion, as determined by the Individual Entry Age Normal Actuarial Cost Method, of the Actuarial Present Value of benefits and expenses which are not provided for by future Service Costs.